Exhibit R

Moody's Article

MOODY'S
INVESTORS SERVICE

Rating Action: MOODY'S DOWNGRADES DETROIT (MI)'s GENERAL OBLIGATION UNLIMITED TAX AND CERTIFICATE OF PARTICIPATION DEBT TO B2 AND GOLT DEBT TO B3

Global Credit Research - 20 Mar 2012

RATINGS REMAIN ON REVIEW FOR POSSIBLE DOWNGRADE

New York, March 20, 2012 -- Moody's Investors Service has downgraded to B2 from Ba3 the City of Detroit's (MI) $553.1 million of outstanding general obligation unlimited tax (GOULT) debt, and has also downgraded to B3 from B1 the city's $486.4 million of outstanding general obligation limited tax (GOLT) debt. Moody's also downgraded to B2 from Ba3 the Detroit Retirement Systems Funding Trust 2005's $520.2 million of outstanding Taxable Certificates of Participation (COPs), Series 2005A; and the Detroit Retirement Systems Funding Trust 2006's $948.5 million of outstanding Taxable COPs, Series 2006A and Series 2006B. The COPs are secured by the city's unconditional contractual obligation to pay debt service, which is not subject to annual appropriation. The ratings remain under review for possible downgrade.

SUMMARY RATINGS RATIONALE

The downgrades are based on the city's weakened financial position, as evidenced by its narrow cash position, reliance on debt financing to stabilize operations and ongoing labor concession negotiations, both of which are yet to be secured and will aid in maintaining a positive cash position. Although efforts to stabilize the city's finances and improve liquidity are ongoing and could be resolved over the very near term, protracted discussions continue and this uncertainty increases bondholder risks. The state continues its in-depth review of the city's finances, which could result in bringing the city one step closer to bankruptcy filing. Finally, recently filed audited financial results for fiscal 2011 confirm our expectation of continued financial strain, with a sizable operating deficit and a large negative General Fund balance.

Maintenance of the rating on review for downgrade is based on two remaining challenges facing the city's path to fiscal stability over the near term that may more likely than not put additional stress on the credit. First, the ongoing effort to repeal the current state oversight law may result in either diminished state authority or result in an absence of a state oversight framework until a vote on the repeal is held. However, it should be noted that signatures for the repeal effort have yet to be certified and there is the possibility of replacement legislation if the current law were suspended. Additionally, the downgrade of the rating of the COPs to below Ba3 constitutes a termination event under revised swap terms that became effective June 2009. Under such a termination event, the counterparties could trigger a termination payment, payable over seven years, which would further complicate the city's ability to manage its cashflow over the medium to longer term.

STRENGTHS

-Diverse revenue base for the General Fund

-Strong state oversight provided by Michigan Public Act 4

-Recent resurgence of domestic automakers, resulting in hiring across the metro Detroit region

CHALLENGES

- Weak liquidity profile, requiring active cash flow management techniques including debt refinancing to meet operating needs

-Ongoing inability to achieve structural balance in the General Fund

-Significant, ongoing General Fund support for the Transportation Fund

-Potential termination payment due for swap agreements issued in conjunction with Series 2005 and 2006 Certificates of Participation

-Declining population base and resulting service delivery issues for a smaller population spread across a wide base

-Ongoing state review of the city's finances, which may result in appointment of an emergency manager which is the first requisite step to filing for bankruptcy

Outlook

Maintenance of the rating on review for downgrade is based on two remaining challenges facing the city's path to fiscal stability over the near term that may more likely than not put additional stress on the credit. First, the ongoing effort to repeal the current state oversight law may result in either diminished state authority or result in an absence of a state oversight framework until a vote on the repeal is held. Additionally, the downgrade of the rating of the COPs to below Ba3 constitutes a termination event under revised swap terms that became effective June 2009. Under such a termination event, the counterparties could trigger a termination payment, payable over seven years, which would further complicate the city's ability to manage its cashflow over the medium to longer term.

WHAT COULD CHANGE THE RATING - UP

- Material operating surpluses, achieved through structurally balanced financial results that will carry forward to future fiscal years

- Sustained economic improvement coupled with revenue enhancements

- A material improvement in the city's unrestricted cash and investment position such that the city continues to be less dependent on cash flow borrowing

WHAT COULD CHANGE THE RATING - DOWN

- Revenue challenges that continue to exceed expenditure (and alternate revenue) solutions

- Continued operating deficits leading to heightened cash-flow weakness

- Further increase of the city's leveraged position

- Economic performance which would be unable to sustain revenue growth or revenue stability

- Increase in likelihood of either a bankruptcy filing or plan to default on debt obligations

PRINCIPAL METHODOLOGY USED

The principal methodology used in this rating was General Obligation Bonds Issued by U.S. Local Governments published in October 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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